

Message Text

LIMITED OFFICIAL USE

PAGE 01 BRASIL 01062 131110Z

47

ACTION OPIC-12

INFO OCT-01 ARA-16 ISO-00 TRSE-00 EB-11 COME-00 AID-20

PA-04 PRS-01 USIA-15 /080 W
----- 013795

R 131055Z FEB 74

FM AMEMBASSY BRASILIA

TO SECSTATE WASHDC 1813

INFO AMCONSUL RIO DE JANEIRO

AMCONSUL SAO PAULO

LIMITED OFFICIAL USE BRASILIA 1062

DEPT PLEASE PASS TO OPIC PRES. MAYS

E.O. 11652: N/A

TAGS: EFIN, BR

SUBJECT: OPIC RATIONING IN BRAZIL

1. OPIC REPS GREGG AND JOHNSTON, ACCOMPANIED
BY TREASURY ATTACHE, CALLED ON BRAZIL CENTRAL BANK DIRECTOR
LIRA ON FEBRUARY 11 TO DISCUSS RATIONING OPIC INSURANCE IN
BRAZIL.

2. GREGG OUTLINED THE PROBLEM BY INFORMING LIRA THAT OPIC'S
EXPOSURE IN BRAZIL HAS BEEN RAPIDLY APPROACHING POLICY LIMIT
FOR ACTIVITIES IN ANY ONE COUNTRY. CONSEQUENTLY, OPIC WAS
CONSIDERING IMPLEMENTING A SCHEME UNDER WHICH
INSURANCE APPROVALS FOR NEW VENTURES IN BRAZIL WOULD BE
LIMITED TO THOSE PROJECTS DESIGNED OUTSIDE INDUSTRIAL AREAS
OF RIO AND SAO PAULO. GREGG STATED THAT BACKLOG OF LOAN
APPLICATIONS WAS SUCH THAT IF THEY WERE APPROVED AND
IMPLEMENTED OPIC EXPOSURE WOULD BY FAR EXCEED THIS LIMIT.

3. LIRA RESPONDED BY SAYING THAT BRAZIL RELIES HEAVILY
ON FOREIGN CAPITAL AND THAT HE DID NOT WISH TO SEE ANYTHING
DONE WHICH WOULD CAUSE A DROP IN THIS INFLOW. HE WAS
ALSO CONCERNED SINCE OPIC'S SCHEME CAME ON HEELS

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 BRASIL 01062 131110Z

SIMILAR PLAN PRESENTED BY GERMAN GOVERNMENT.

4. GREGG AND JOHNSTON ASSURED LIRA (A) THAT PIPELINE APPLICATION VOLUME WAS SUBSTANTIAL FOR BOTH RIO AND SAO PAULO INDUSTRIALIZED AREAS AND FOR OTHER AREAS; (B) THAT PIPELINE CASES IN SUCH INDUSTRIALIZED AREAS WOULD STILL BE PROCESSED; (C) THAT OPIC'S EMPHASIS WOULD BE ON LESS DEVELOPED AREAS WHICH SHOULD PROVIDE SUFFICIENT INVESTMENT OPPORTUNITY, AND (D) THUS NO ABRUPT DECELERATION OF OPIC INSURED INVESTMENT IN BRAZIL WAS EXPECTED. FURTHERMORE, THEY EXPRESSED BELIEF THAT SUBSTANTIAL U.S. INVESTMENT WOULD CONTINUE TO FLOW TO RIO/SAO PAULO AREAS EVEN WITHOUT OPIC INSURANCE.

5. LIRA APPRECIATED FACT THAT OPIC HAD TO HAVE LIMIT ON EXPOSURE IN BRAZIL. HE SAID TO EXTENT THAT CEILING CAN BE REACHED BY INVESTMENTS IN DEVELOPING AREAS OF COUNTRY IT WOULD NOT CAUSE BRAZIL ANY PROBLEMS.

6. ISSUE OF PUBLICITY WAS THEN DISCUSSED AND IT WAS AGREED THAT IT WOULD BE BEST IF NO PRESS RELEASE WAS ISSUED. SHOULD PRESS PICK UP NEW OPIC POLICY, BRAZIL COULD EXPLAIN WHAT WAS BEING DONE ON AD HOC BASIS.
CRIMMINS

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: INSURANCE, CENTRAL BANK, LESS DEVELOPED COUNTRIES, RATIONING, INVESTMENT OPPORTUNITIES, PRESS RELEASES
Control Number: n/a
Copy: SINGLE
Draft Date: 13 FEB 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: MorefiRH
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974BRASIL01062
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: BRASILIA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740237/aaaabiep.tel
Line Count: 87
Locator: TEXT ON-LINE
Office: ACTION OPIC
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: MorefiRH
Review Comment: n/a
Review Content Flags:
Review Date: 10 SEP 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <10 SEP 2002 by kelleyw0>; APPROVED <10-Sep-2002 by MorefiRH>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: OPIC RATIONING IN BRAZIL
TAGS: EFIN, BR, OPIC, (GREGG), (JOHNSTON)
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005